



Municipal Market Disclosure: Current Topics and Practices

California Debt and Investment Advisory Commission
March 18, 2014

Donald F. Steuer
Chief Operating Officer, County of San Diego





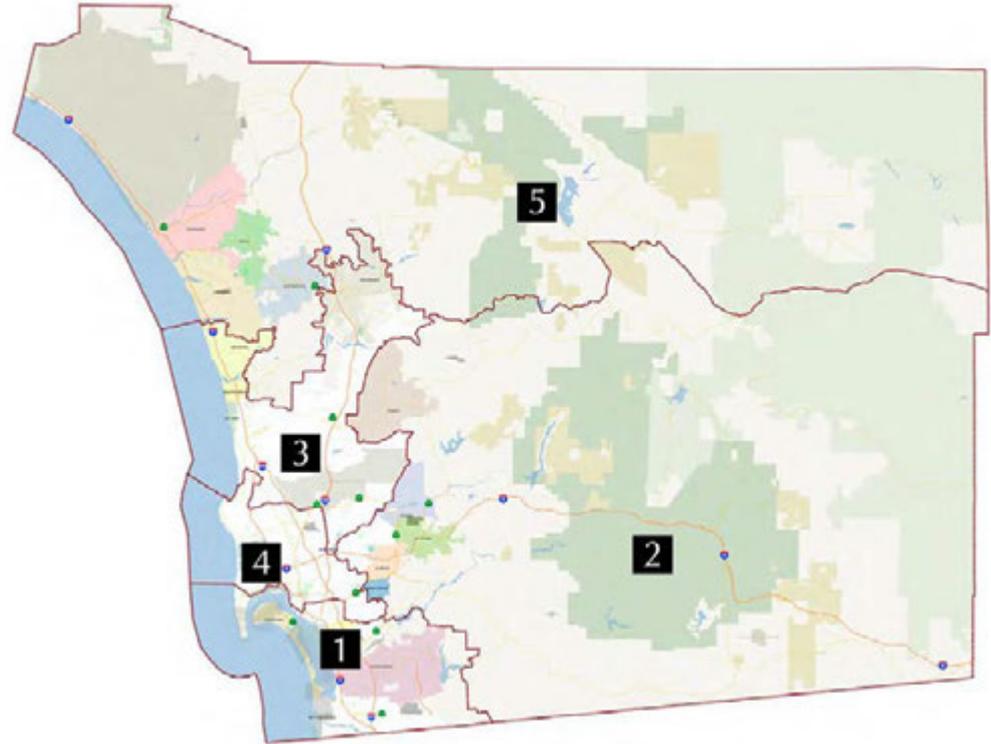
Agenda

- County Overview
- Financial Practices and Discipline
- Evolution of County Disclosure Practices
- Disclosure Controls and Procedures



San Diego County Overview

- 4,261 square miles
- Five Supervisor Districts
- \$4.98 billion budget FY 2013-14
- Approximately 16,600 employees
- Serves over 3 million people in the region



Note: This map reflects the Supervisorial District boundaries as adopted by the Board of Supervisors on September 27, 2011.



Financial Practices and Discipline



Strong Financial Management Practices

- County has institutionalized financial management policies:
 - Fund balance and reserves
 - Capital Facilities and Space Planning, Use of Capital Program Funds
 - Long-term Obligation Management, Debt Advisory Committee
 - Post-issuance compliance, refunding, and swap policies
 - Risk Overview Committee, Disclosure controls and procedures
 - Treasury Oversight Committee, Investment Policy, Investment Manual
- County Budget is structurally balanced:
 - Conservative budgeting consistently produces net operating surplus
 - Long-term capital planning policy and five year capital needs assessment program coincide with Five-year Financial Forecast
- Comprehensive financial reporting and forecasting:
 - Two-year Operational Plan and five-year financial forecast
 - Quarterly Variance Reports posted on County website
 - State Controller's Award for Achieving Excellence in Financial Reporting
 - GFOA Certificate of Achievement for Excellence in Financial Reporting for both County and Investment Pool CAFR



Conservative Planning

- Planning for the worst, hoping for the best
 - Setting aside and cautiously planning during the really good times
 - C.O.R.E.
 - Actively preparing for hard times ahead
 - Phasing in large capital projects to maintain flexibility
 - County Operations Center
 - Women's Detention and Reentry Facility



Using Cash to Preserve Future Flexibility

- The County considers using debt to help finance only its largest projects
- Debt is used as a portion of an overall financing plan

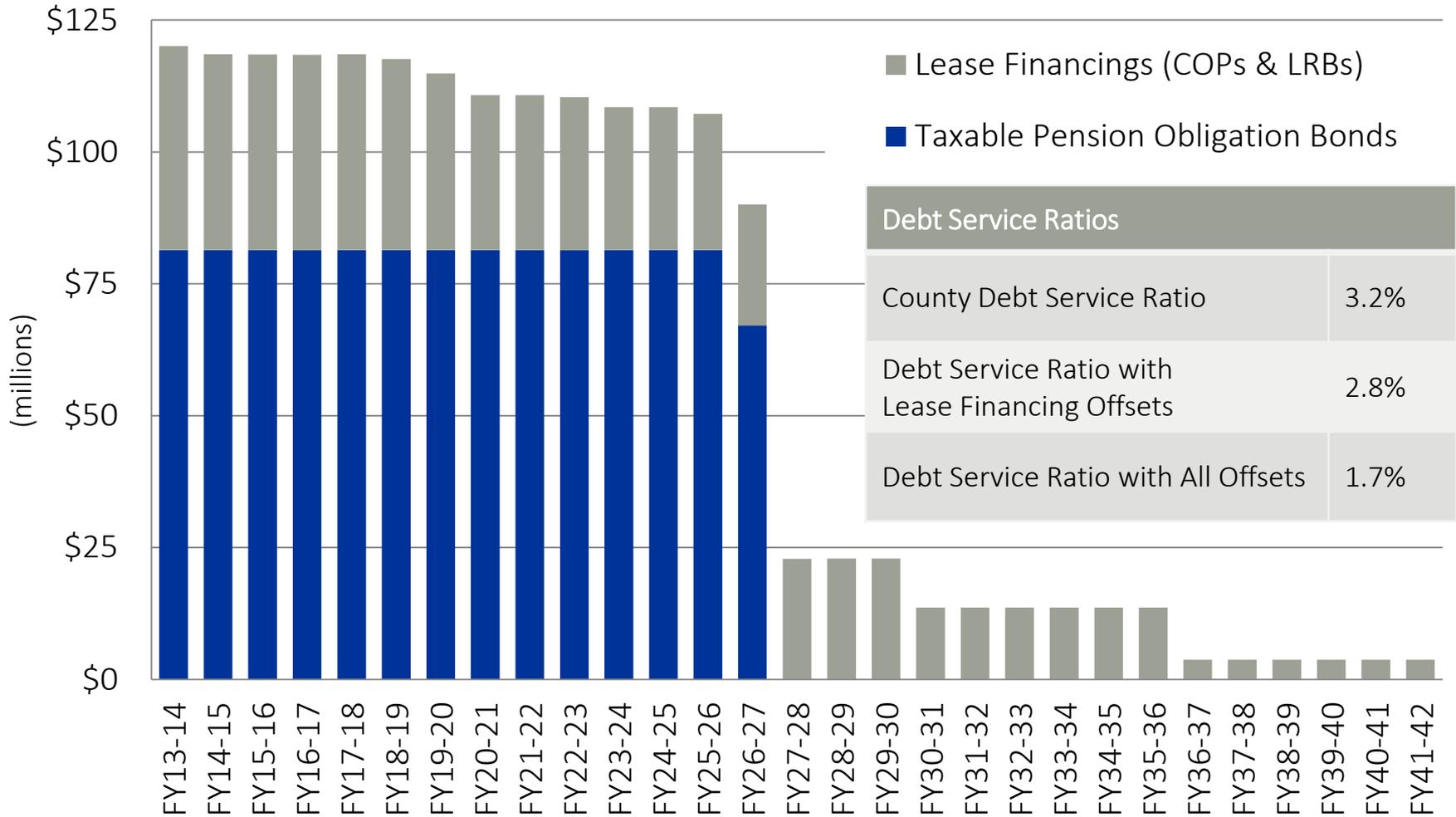
County of San Diego Large Capital Projects (over \$10 million)	Total Project Cost	Bond Financing	Cash Contribution Amount	Financing Costs Avoided (1)
Edgemoor Skilled Nursing Facility	\$ 123,080,292	\$ 113,547,000	\$ 9,533,292	\$ 16,221,445
Medical Examiner Building	68,666,694	-	68,666,694	115,449,700
County Public Library, Ramona Branch	12,044,111	-	12,044,111	20,439,490
County Public Library, Fallbrook Branch	10,559,346	-	10,559,346	17,948,119
County Operations Center Phase 1A	167,800,000	113,500,000	54,300,000	91,113,018
County Operations Center Phase 1B	113,000,000	-	113,000,000	189,834,043
County Operations Center Relocation - Capital	82,500,000	-	82,500,000	138,661,381
County Administration Center Waterfront Park	49,400,000	30,000,000	19,400,000	32,832,349
Cedar & Kettner Development Parking Structure	36,100,000	27,840,000	8,260,000	14,139,918
San Diego County Women's Detention and Reentry Facility	300,000,000	100,000,000	200,000,000	335,871,226
East Mesa Reentry Facility (2)	27,600,000	-	27,600,000	46,591,589
Total	\$ 990,750,443	\$ 384,887,000	\$ 605,863,443	\$ 1,019,102,278

(1) Assumes that debt financing is a fixed rate 30-year maturity (2 years of capitalized interest and 28 annual principal payments) with a true interest cost of 5.75%

(2) The East Mesa Reentry Facility project is anticipated to be paid for by State revenues



General Fund Long-term Obligations





Communicating with Rating Agencies & Investors

- Ongoing dialogue with rating agencies
- Providing comprehensive information to investors
 - Thorough disclosure (County Disclosure Working Group, Official Statements, Annual Reports)
 - Ratings from multiple rating agencies
 - Panoramic view of credit quality

	Moody's	Standard & Poor's	Fitch Ratings
Issuer	Aa1	AAA	AAA
POBs	Aa3	AA+	AA+
COPs & LRBs	Aa3	AA+	AA+



Evolution of Disclosure Practices



Prior to January, 2004

- Increased focus on Pension - Lessons learned
 - What effect did this have on our disclosure detail
 - Retirement disclosure case study??-A lot more detailed
- How did we reevaluate the adequacy of our disclosure program?
- Post January, 2004
- Nixon Peabody-Disclosure Manual



After January, 2004

- Ways and means to disclose
 - Digital Assurance Certification
 - EMMA
- San Diego County Disclosure Controls and Procedures
- Nixon Peabody Trainings
- Relationship with Bond/Disclosure Counsel
- Relationship with Rating Agencies



Risk Overview Committee

- Risk Overview Committee
 - Assist in identifying, reviewing, monitoring and mitigating significant risks
 - Legal
 - Contractual
 - Financial
 - Operational
 - Financing Disclosure Working Group Sub-committee
 - Ensures full, thorough, complete and appropriate disclosures are provided
 - Official Statements
 - Annual Report
 - Disclosure Controls and Procedures



Disclosure Controls and Procedures Policy

- Disclosure Controls and Procedures Policy
 - Establishes and Defines Responsibilities:
 - County Financing Disclosure Working Group
 - Disclosure Coordinator
 - Internal Disclosure Certifications
 - Disclosure Counsel
 - Annual Review of Disclosure Controls
 - Establishes Process
 - Review and Analyze Reports and Other Information
 - Structural Balance and Financial Condition of the County
 - Contingent Risks
 - Internal Certifications
 - Role/Subject Specific Certification (i.e. CEO SDCERA, Deputy Controller, etc.)



County of San Diego Investor Relations

Finance and General Government Group

- › [Home](#)
- › [Department Listing](#)
- › [Investor Relations/Debt Portfolio](#)
 - † [Outstanding Long-Term Obligations](#)
 - † [Policies/Guidelines](#)
 - † [San Diego County Capital Asset Leasing Corporation \(SANCAL\)](#)
 - † [Debt Advisory Committee](#)
 - † [Credit Rating](#)
 - † [Digital Assurance Certification](#)
- › [County of San Diego Operational Plan and Budget Information](#)
- › [San Diego Regional Economic Indicators](#)

Investor Relations Outstanding Obligations

Printer Friendly
A++ | A+ | A

Overall General Fund Long-Term Obligations Portfolio

- [Summary of Long-Term Obligations](#)
- [Summary of Debt Service and Lease Payments](#)
- [Chart of Debt Service and Lease Payments](#)
- Continuing Disclosure
 - [Lease Revenue Bonds and Certificates of Participation](#)
 - [Pension Obligation Bonds](#)



Pension Obligation Bonds

- County of San Diego Taxable Pension Obligation Bonds Series 2008
 - [Official Statement - Series A](#)
 - [Debt Service Schedule A](#)
 - [Rating Agency Presentation](#)
- County of San Diego Taxable Pension Obligation Bonds Series 2004
 - [Official Statement](#)
 - [Official Statement - Fixed Rate Conversion of 2001 B1 and B2 ARS](#)



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Investor Relations Policies/Guidelines

- [Disclosure Controls and Procedures](#)
- [Refunding Policy](#)
- [Post Issuance Tax Compliance](#)
- [Interest Rate Swap Policy](#)
- [Board Policy B-65, Long-Term Financial Obligation Management Policy](#)
- [Board Policy I-136, Comprehensive Goals and Policies for Community Facilities Districts](#)





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Investor Relations Debt Advisory Committee

[Printer Friendly](#)

A⁺ | A⁺ | A

The Debt Advisory Committee (DAC), established by the Chief Administrative Officer of the County, reviews and evaluates financial obligations that bear the name of the County of San Diego or of any subordinate agency of the County. Over the years, the County of San Diego has issued short- and long-term debt to meet the County's financial needs, and has also issued tax-exempt obligations to assist qualifying and nonprofit and for profit organizations with public benefit projects. The establishment of a Debt Advisory Committee centralizes the management of long-term obligations and helps to ensure compliance with Board Policy B-65, Long-Term Financial Obligation Management Policy.

Committee Members

- Donald F. Steuer - Chief Operating Officer
- Tracy Sandoval - Deputy Chief Administrative Officer/Auditor & Controller
- Dan McAllister - Treasurer-Tax Collector

DISCLAIMER: The following information is provided to you as a matter of convenience and speaks as of



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Investor Relations Credit Rating

- [County of San Diego Credit Rating Report](#)

Rating Agency Reports

- [Fitch Ratings](#)
- [Moody's Investors Service](#)
- [Standard and Poor's](#)

	Moody's	Standard & Poor's	Fitch Ratings
County of San Diego (Issuer Rating)	Aa1	AAA	AAA
Pension Obligation Bonds (POBs)	Aa3	AA+	AA+
Certificates of Participation (COPs) & Lease Revenue Bonds (LRBs)	Aa3	AA+	AA+
County Retirement Association (SOCERA)	--	AAA	--
County Investment Pool	--	AAAF / S1	--

As of November 5, 2013



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Investor Relations Digital Assurance Certification

DAC Bond®

San Diego County, CA has engaged DAC as its Investor Relations Provider. To view San Diego County, CA's secondary market disclosure information:

- Click here to go to www.dacbond.com
- In the "DAC for Investors" box on the left, click on "Register" to select your personal username and password

Your username and password will be immediately activated.

- Type your username and password in the fields provided on the Home page or Log In page
- On the bottom of the "Attention" page, click on "Continue"
- On the left in the "Quick Search", leave the first box defaulted to "Obligor"
- Type "San Diego County" in the second box and click the double arrows
- Click on "San Diego County, CA" to view a list of issues OR click on "Disclosure" to view documents filed

- Dissemination Agent – Documented EMMA Filings
- Maintain Automated Tickler System
- Free Investor Access
- Repository for issuer compliance filings
- Real-time Trade History